MARINE ECOTOURISM
SEA KAYAKING TOUR OPERATORS

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BUILDING BLOCKS FOR ECONOMIC DEVELOPMENT & ANALYSIS

PREFACE

PURPOSE

Building Blocks have been conceived and developed by the Economic Development Branch of the Ministry of Sustainable Resource Management, under the guidance of Nancy South, Manager Economic Analysis, as an analytical tool that supports British Columbia coastal and land and resource use planning and decision-making and economic development initiatives. The Blocks contain concise business and sector information for a broad range of resource-based business types in BC. At this point, there are more than 30 Blocks either complete or in draft form. Several more Blocks have been identified as high priority by planning tables and other client groups. Additional Building Blocks will be developed over time, and some Blocks may be updated. For the most current Building Blocks, please see the Ministry of Sustainable Resource Management website, at: http://srmwww.gov.bc.ca/rmd/ecdev/

ACKNOWLEDGEMENTS

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BENEFITS

Building Blocks are expected to provide the following general benefits:

- Increase efficiency and more informed decision-making by providing readily accessible, credible information to planning and economic development processes;
- Improve the consistency of economic information across planning areas;
- Support economic analysis and decision-making that occurs outside formal coastal and land use planning processes; and
- Provide linkages between economic analysis and other social and environmental analytical tools (through identifying resource requirements to support economic activities and general compatibilities with other sectors and values).

LIMITATIONS

Every effort has been made to ensure that the information contained in Building Blocks is accurate and consistent. Approved, credible data sources are the foundation for Building Blocks. All Blocks were reviewed by sponsoring agencies and other experts. However, users are cautioned that information is used at their own risk, and that the authors and sponsors are not liable for any damages. Any conclusions or interpretations by the authors are not intended to represent government policy. Also, note that Building Blocks do not provide site specific information nor do they consider requirements for sustainability (social, community, environmental).

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RECOMMENDED REFERENCE/CITATION

BC Ministry of Sustainable Resource Management, 2003, Building Blocks for Economic Development and Analysis, *[Title of Sector]*. http://srmwww.gov.bc.ca/rmd/ecdev/

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1.0 INTRODUCTION

Nature-based tourism / Ecotourism is defined as travel to relatively undisturbed areas with the specific objective of admiring, studying and enjoying the scenery and its wild plants and animals as well as existing cultural features found in the area.

Ecotourism activities have been sorted into the following categories:

- **Marine Ecotourism**
  - marine cruising including sailing, yacht and power cruising
  - sea kayaking tours

- **Land based Ecotourism**
  - Bicycle Touring/Mountain Biking
  - Hiking/Backpacking/Trekking
  - Horseback Trail Riding
  - Freshwater River Rafting, Canoeing and Kayaking
  - Winter Tourism (Back Country /Tour Skiing, Dog Sledding, Snow Shoeing)

Please refer to the **Marine Ecotourism Overview** and the **Land-based Ecotourism Overview** documents for background information on the Building Blocks, a definition of Ecotourism, the overview of the Ecotourism sector and the bibliography. The Ecotourism Overviews are an integral component of the suit of Ecotourism Building Blocks.

2.0 OVERVIEW

- Includes commercial operators and guides that offer sea kayaking tours in Coastal B.C. as their primary business activity; excludes recreationists who take part in sea kayaking on their own.
- Sea kayaking tour operators can range in scope from a Bed and Breakfast operation offering tours with 2 to 3 kayaks to sea kayaking tour operators with 3 or 4 fleets of kayaks (with one fleet accommodating up to 12 passengers), offering a wide range of multi-day guided tours throughout the Coast of B.C. This Building Block focuses on commercial operators that offer multi-day sea kayaking tours.

2.1 Number of Operators

- Estimates of the number of kayaking tour operators in B.C. are as high as 150 operators, but most of these operate on a very small scale.[1] Of these, between 30 and 40 are sea kayaking tour companies with a few certified guides, and between 5 and 8 are large companies employing 10 guides or more during the summer months.[2]
- By comparison, a 1991 study estimated that there were 15 businesses that offered sea kayaking along the B.C. Coast[3] while a 1988 study estimated that in 1986, there were 34 kayak/canoe operators in all of B.C., but this included marine and freshwater kayaking as

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well as canoeing operators.[4] In 1996, there were an estimated 57 companies specializing in kayaking (mostly sea kayaking) in B.C.[5]

2.2 Growth of the Industry

- Sea kayaking days increased by an estimated 40% in Washington State between 1987 to 2000.[6] Industry analysts suggest that B.C. benefited from a similar growth, with one operator contacted as part of this study suggesting that sea kayaking days increased by about 60% in B.C. over the last 15 years.[7]
- Revenues of B.C. commercial sea kayaking operators are believed to have grown by more than the number of sea kayaking days. Some of the larger B.C. operators who operate 4 to 5 fleet of kayaks throughout the summer, started with half a fleet of kayaks 12 to 15 years ago.[8]
- During the winter months, some of the sea kayaking operators based in B.C. offer tours in more southern locations such as Baja California, Mexico, Belize and Central America.

2.3 Location of Operators

- The 1991 survey of 15 sea kayaking operators reported that all were based in Southern B.C., although 42% operated tours as far as the North Coast; only 14% of the businesses operated year round; and in most cases, the sea kayaking experience involved overnight trips using tents and campsites, not fixed roof accommodation.[9]
- Some U.S. based operators offer sea kayaking tours in B.C.

3.0 COAST/LAND RESOURCE REQUIREMENTS/SENSITIVITIES

- The most popular kayaking areas in B.C. include the east coast of Vancouver Island (e.g. Gulf Islands, Discovery Islands, Desolation Sound, Johnstone Strait and the Broughton archipelago) and the west coast of Vancouver Island (e.g. Barkley Sound, Clayoquot Sound, Nootka Sound, Kyuquat and the Brooks Peninsula).
- Other areas include: the east coast of the Queen Charlotte Islands/Haida Gwaii and the north coast of B.C. The more remote areas are becoming more popular as more easily accessible areas are becoming more crowded.
- Some areas along the west coast of Vancouver Island and the Queen Charlotte Islands are ranked as having low kayaking capability, as only experts with ocean experience should paddle into open water or exposed areas. On the west coast, the best sites are often isolated and travel between sites is often across open water.

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4.0 INVESTMENT REQUIREMENTS

- A minimum of 12 seats (double and single kayaks) is likely required to start up a viable sea kayaking business. This would require a start-up investment of approximately $50,000 to purchase kayaks and other required materials such as spray skirts, paddles, bailing pumps, life jackets, accessory cords, emergency signalling kits, repair kits, dry bags, rain hats, etc.[10] In addition, operations require marketing and other administration start-up costs such as legal fees, licenses, permits, etc.
- A vehicle for transporting kayaks and passengers may also be required, which may increase the investment required by approximately $35,000. Commercial operators often choose to lease their vehicles to help reduce the initial capital investment required.
- Marine tours that offer lodging could require much more significant investment.
- Similarly, "mothership kayaking", where kayaking operators use old fishing boats or barges for shelter and transport, could also require much greater capital investment. One larger operator indicated that their mothership boat is valued at approximately $600,000.
- A 1991 profile of 15 B.C. sea kayaking operators estimated that each operator had an average investment of $240,000, including $53,000 in boats (average of 9 kayaks per operator), $93,000 in facilities, $47,000 in land and another $47,000 in other assets. For the most part, these sea kayaking operators offered overnight camping trips using tents, although some offered lodging at the beginning or end of the trip.[11]

5.0 INFRASTRUCTURE

- Kayaking operators require access to beaches and camping sites. With the growth of sea kayaking, some sites are reaching their carrying capacity, particularly where sites do not have proper toilet facilities.
- Float homes are not commonly used by sea kayaking operators, but these may become increasingly common in the future.

6.0 MARKET

A study completed in 2000 provided the following profile of the B.C. sea-kayaking market[12]:

- Shorter trips of 7 days or less are in increasing demand (as opposed to sea kayaking expeditions of 1 to 2 weeks).
- "Mothership kayaking" provides more flexibility in terms of trip itinerary, greater access to remote areas and more comfortable shelter with showers and kitchen facilities.
- Kayaking tours are generally combined with other activities including bird watching, wildlife viewing and photography.

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- Approximately 65% of kayakers in Canada are between 35 and 54 years old; they are split evenly between males and females and almost all (94%) are from Canada or the U.S.[13]

A 1991 Survey of 15 sea-kayaking businesses in B.C.[14] noted similar trends:

- Sea kayaking operators offered a mix of activities in addition to the kayaking experience including whale watching, coastal history, and native culture.
- Over one half of sea kayaking clients were 20 to 34 years of age, 36% were between 35 and 54 years old and only 11% were older than 55 years of age. Males accounted for 55% of the overall market.
- Sea kayaking operations regarded Alaska as their primary competition, with Washington State, Mexico and other regions of Canada as their secondary competition.
- Direct sales accounted for 97% of the bookings for sea kayaking operators with the balance being generated by wholesalers or travel agents.

That same study reported that in 1989, most sea kayaking clients were from Canada (75%) with the balance coming from the U.S. (20%) and other countries (5%). Since that time, the U.S. market appears to have gained in importance. The operators contacted as part of this study indicated that the U.S. market now accounts for between 60% and 75% of their sales and that direct sales through the Internet now account for most of their sales. The low value of the Canadian dollar relative to the U.S. dollar and the increasing use of the Internet as a marketing tool may have facilitated the growth in the U.S. market.

7.0 LABOUR MARKET

- Finding and maintaining experienced/certified guides is difficult.
- Operators require local guides with good knowledge of the local waterways, weather systems, geography, first aid and safety. Guides also need leadership and group management skills, ability to interact well with people, and the ability to convey knowledge in an interesting and informative way.[15]
- There are no regulated guide-to-guest ratio requirements, but operating standards set by the Sea Kayak Guides Alliance of B.C. recommend a ratio of one guide for every three to five participants, depending on the level of difficulty of the tour and the number of single and double kayaks.[16]
- Wages for certified experienced guides are approximately $150 per day, plus food (excluding WCB and UIC).[17] Wages for less experienced guides are approximately $125 per day.
- Larger operators also employ individuals at a centralized location who prepare food and supplies for each tour.

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8.0 CAPACITY

- The most popular areas for sea kayaking are the east coast of Vancouver Island and some sheltered areas on the west coast of Vancouver Island. There is limited opportunity for growth in those areas as the best sites are either on park land or they are being used for other industries such as logging or aquaculture. Sea kayaking operators may access park lands but they are typically not permitted to build infrastructure such as toilet facilities, tent platforms and shelters, which limits the capacity of those sites. Also, other users such as fish farming operations are seeking to increase their use of some Coastal areas, for example in the Broughton Archipelago.
- There are fewer resource constraints in the more remote areas, such as the Central and North Coast.
- The sea kayak touring sector has increased seat capacity significantly in recent years to the point where some tour operators are having difficulty filling up tours, particularly outside the peak months of July and August.

9.0 REGULATORY REGIME

9.1 Safety

- The Sea Kayak Guides Alliance of B.C. sets operating standards on issues such as group size, guide/client ratios and safety requirements, as well as training requirements for sea kayaking guides. Most larger sea kayaking tour operators are members of the Sea Kayak Guides Alliance and adhere by these rules.

9.2 Use of Provincial and National Parks

- Tourism operators using Provincial Parks require Park Use Permits (PUP) and most sea kayaking tour operators hold PUPs.
- Sea kayaking operators licensed to operate in Gwaii Haanas National Park are required to pay permit fees of $10.00 per guest per day.

9.3 Use of Crown Lands

- Crown lands have been used for commercial recreation for more than 100 years with no special permission to use the lands except in a few sectors such as guided hunting, fishing and helicopter skiing operations. In 1998, the B.C. government introduced a commercial recreation management program requiring operators to acquire licenses for extensive use of Crown lands.
- The 1998 regulations require outdoor operators to apply for a Licence of Occupation for each area of Crown land they plan to use for more than 14 days in a six month period. Annual fees for a base camp are $500, plus $100 per site for satellite sites (excluding an application fee of $107 per operator). This grants holders the right to occupy a site over any other commercial users, but recreational users continue to have over-riding priority on any site, licensed or not.[18] In some cases, tenure holders may be allowed to build

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improvements on specific sites, and they may be granted exclusive rights to those improvements.

- The 1998 B.C. Commercial Recreation policy requires the payment of annual fees for using public trails and crown lands for commercial purposes for more than 14 days per year. Fees for commercial recreation tenures for non-mechanized uses are $1 per client day with an annual minimum of $500 per operator.
- The B.C. Government is working with the sea kayaking industry to implement the B.C. Commercial Recreation Policy. For sea kayaking operators, the permits could be issued for specific areas such as the Johnstone Strait and the Broughton Archipelago. While the permitting fees would not be intended to limit the number of client days in a given area at this point, this could be implemented in the future for the areas that are reaching capacity.

9.4 First Nations Traditional Territories

- Several measures have been implemented in the Queen Charlotte Islands/Haida Gwaii including a Code of Conduct to limit the number of people allowed on the islands and provide operating standards, licensing and quotas for commercial operators.[19]

10.0 GOVERNMENT REVENUES

- Government revenues are generated through corporate and personal income taxes.
- Sea kayaking operators pay permitting fees for operating in national and provincial parks.
- The B.C. government is working with industry to implement policies regarding crown land permitting fees for sea kayaking tour operators.

11.0 INPUT-OUTPUT TABLE – SEA KAYAKING TOUR OPERATORS

The following table shows a range of data for key socio-economic impact variables for sea kayaking tour operators in B.C. The table shows information published from two separate studies, one, published in 1986 was based on 34 operators, while the other, published in 1989 was based on 15 operators. The table also shows estimates of the range in socio-economic impacts for operators currently operating in B.C. The differences in the data from each source highlight the difficulties in obtaining consistent data on sea kayaking tour operators in B.C., partly due to the different types of services offered by each operator.

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Indicator	1986 Average	1989 Average	Current Indicators	
			Smaller Operators	Large Operators
Number of Operations	34 operators	15 sea-kayaking operators	May be as many as 40 operators in B.C. (excluding very small operators)	Between 5 and 8 operations in B.C.
Land Resource			Minimal	Minimal
Crown Resources		Campsites – overnight trips with tents along coast	Campsites – overnight trips with tents along coast	Campsites – overnight trips with tents along coast
Product Created	Kayak/canoe	Sea kayaking	Sea kayaking tours	Sea kayaking tours
Investment	$38,000 per operator	$240,000 as follows: Land: $47,000 Facilities: $93,000 Boats: $53,000 Other: $47,000 On average, sea kayaking operations maintained an average of 9 kayaks	$50,000 for fully equipped kayaks (12 seats), related equipment and start-up costs Vehicle for carrying kayaks and passengers may also be required (approximately $35,000)	May require investment in "mothership" boat Possible base camp in remote areas
Sales	$50,000/ operator	$293,000/ operator	May reach approximately $75,000 (60 clients at $1,250 per person) after 2-3 years in business	Depends on type of tour (e.g. with or without mothership or lodging); ranges between $300,000 and $450,000 (300 guests)
Employment	1.9 Person Years (PY) of employment per operator $17,647 in wages per operator or $9,288 per PY	5 Person Years (PY) of employment per operator $53,000 in wages per operator or $10,600 per PY	Approximately $27,000 in wages based on 2-3 guides in the summer months Owner-operator works part of the year to plan and market business	May hire 10 to 15 guides in the summer months; guides earn $125 to $150 per work day, plus food Larger operator may pay as much as $100,000 in wages

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Indicator	1986 Average	1989 Average	Current Indicators	
			Smaller Operators	Large Operators
Purchases of goods and services	Not available	$120,000 (see below)	Approximately $10,000 for food and supplies ($30 per client day); other major expenses include gas and vehicle expenses	$70,000 in food and supplies; other purchases may be as much as $200,000 depending on type of business; major items may include expenses for mothership boat, gas and vehicle expenses, etc.
Government Revenues			Approximately $500 per small operator (e.g. $1 per client day with a minimum of $500 per year) Permit fees for use of parks	Permit fees may be $1,500 per operator based on $1.00 per client day times 1,500 client days Permit fees for use of parks

Source: 1986 data: The Outdoor Recreation Council of B.C., *Adventure Travel in British Columbia, Summary*, March 1988. 1989 data: The ARA Consulting Group, 1991.

Current indicators: prepared by *Pierce Lefebvre Consulting* based on interviews with operators and other documents including: Marlyn Chisholm & Associates et al., *Tourism Opportunity Strategy for the Mid Coast Forest District of British Columbia, Final Report*, prepared for the Ministry of Small Business, Tourism and Culture, 2001.

11.1 Preliminary Income Statement – Sea Kayaking Tour Operators

	1989 Survey of 15 Operators	Small Operator	Larger Operator
Revenues	$293,000	$75,000 60 clients @ $1,250/client	$300,000 to $400,000 300 clients @ between $1,000 to $1,350/client
Wages (incl. WCB, UIC, etc.)	$53,000 (average of 5, up to 7.6 in summer)	$27,000 (2 employees for 11 weeks)	$70,000 to $100,000 (Between 10 and 15 guides during summer)
Food and Supplies	$7,000	$10,000 ($30 per day per client)	$50,000 to $70,000
Transportation	$7,000	$3,000	$12,000 to $15,000
Marketing, Promotion and Travel	$13,000	$4,000	$13,000 to $15,000
Maintenance	$7,000	$2,000	$10,000 to $15,000

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	1989 Survey of 15 Operators	Small Operator	Larger Operator
Other costs (e.g. admin., mothership boat, etc.)	$86,000	$4,000	$65,000 to $85,000 depending on business
Sub-total Variable Costs	$173,000	$50,000	$220,000 to $300,000
Contribution towards Fixed Costs, Debt Interest and Owner	$120,000 (41%)	$25,000 (33%)	$75,000 to $100,000 (approx. 25%)

Notes:

1. The 1989 data provide the following breakdown in purchases from suppliers:

	Total Purchases/ Operator	% of Total Expenses	% of Total Revenues
Food and Accommodation	$7,000	6%	2.4%
Transportation	$7,000	6%	2.4%
Marketing, promotion, travel	$13,000	11%	4.4%
Maintenance	$7,000	6%	2.4%
Administration	$6,000	5%	2.0%
Other	$80,000	66%	27.3%
	$120,000	100%	40.9%

2. Operators are required to purchase operating and liability insurance, which may be approximately $2,500 to $3,000 for a small or medium size operator.
3. Transportation includes gas and vehicle expenses.

Source: 1989 data: ARA Consulting Group, 1991, pages 11-6 and 11-7.
Current indicators: prepared by *Pierce Lefebvre Consulting* based on interviews with operators, 1991 study and other documents including: Marlyn Chisholm & Associates et al., *Tourism Opportunity Strategy for the Mid Coast Forest District of British Columbia, Final Report*, prepared for the Ministry of Small Business, Tourism and Culture, 2001.

Other Data:

	1993 Survey of Sea Kayaking Tour Operators in Canada[20]	1989 Survey of Sea Kayaking Tour Operators in B.C.
Average length of trips in days	5.7	
Average number of employees	1.6	5.0
Gross revenues per operator	$119,000	$293,000
Average gross margin	30.7%	41%

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The main data sources for this building block include:

- Interviews with operators and industry representatives.
- Internet sites of various operators and industry associations.
- Clover Point Cartographics, Geoscape Environmental Planners, Lions Gate Consulting and Pinel and Associates, *Forest and Fisheries Tourism Opportunities Study for Portions of the Campbell River and Port McNeill Forest Districts, Appendix D: Tourism Product Activity Profiles*, 2000.
- Clover Point Cartographics Ltd., *Nootka Sound Forest Recreation and Tourism Opportunities Study*, prepared for the Nootka Sound Economic Development Corporation, 1998.
- Economic Planning Group, *Northern Vancouver Island Forest Recreation and Tourism Opportunities Study*, prepared for the Regional District of Mount Waddington, 1997.
- The ARA Consulting Group, *Marine Tourism in B.C.: Opportunity Analysis*, prepared for the Industry, Science and Technology Canada, Ministry of Tourism and Ministry of Regional and Economic Development, 1991.

LIST OF ENDNOTES

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[1] Clover Point Cartographics et al., Appendix D, page 4.

[2] Marlyn Chisholm & Associates et al., *Tourism Opportunity Strategy for the Mid Coast Forest District of British Columbia, Final Report*, prepared for the Ministry of Small Business, Tourism and Culture, 2001, page 200.

[3] The ARA Consulting Group, 1991, pages 11-1 to 11-10.

[4] *Adventure Travel in British Columbia, March 1988, Summary*, page 8.

[5] Price Waterhouse and The ARA Consulting Group, *Tourism Industry Product Overview*, prepared for Tourism B.C. and the Council of Tourism Associations of B.C., 1996.

[6] *Outdoor Recreation in America 1999, study*, 1999 as quoted in Clover Point Cartographics et al., Appendix D, page 2.

[7] Interview with sea kayaking operator, November 2002.

[8] Interviews with sea kayaking operators, November 2002.

[9] The ARA Consulting Group, 1991, section 11.

[10] Marlyn Chisholm & Associates et al., page 201.

[11] The ARA Consulting Group, 1991, page 11-4.

[12] Clover Point Cartographics et al., Appendix D, page 4.

[13] The Randolph Group, *Adventure Travel and Ecotourism in Canada : Strategic Framework for Development*, 1997; as quoted in Clover Point Cartographics et al., Appendix D, page 2.

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[14] The ARA Consulting Group, 1991, pages 11-7 to 11-10.

[15] Clover Point Cartographics et al., Appendix D, page 5

[16] Clover Point Cartographics Ltd., *Nootka Sound Forest Recreation and Tourism Opportunities Study*, 1998, Section 6.3.

[17] Interview with sea kayaking operator, November 2002.

[18] Land and Water British Columbia Inc., *Key Business Programs, Commercial Recreation*, www.lwbc.bc.ca/forbusiness/commercial recreation, 2002; also, Wave-Length Paddling Magazine, by Sue Handel and Alan Wilson, *"New Regulations Plague Paddling Industry"*, December/January 1999.

[19] Clover Point Cartographics et al., Appendix D, page 7.

[20] Clover Point Cartographics et al., Appendix D, page 6.

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